



Supporting Growth out of Recession

**A survey and report into the effectiveness of Business Link
in Yorkshire & Humber Region**

by the Federation of Small Businesses

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Introduction

As Britain starts to move out of recession, small businesses will be at the heart of restoring the regional economy. In Yorkshire & Humber, according to statistics from BIS (The Government Department for Business, Innovation, and Skills) there are over 343,000 small businesses, compared to just 2,735 medium sized and large companies. Small businesses provide 45% of all private sector employment within the region and will have a key role to play in fighting rising unemployment trends. Many feel that it will be small businesses that will lead us out of the current recession.

To thrive and grow, small firms do often need help and support on a range of topics including business planning, marketing advice, ICT, access to finance. The list goes on... The provision of a high quality business support service within Yorkshire and Humber during 2010 and beyond will therefore be crucial to enabling small firms to realise their true potential in growing the economy and providing jobs.

The FSB, with over 16,000 small business members in Yorkshire & Humber, has for many years worked in partnership with Business Link in trying to ensure that Government funded business support within our region is fit for purpose. The questions in this survey were developed and agreed by both the FSB's Yorkshire & Humber Policy Unit, and by Business Link Yorkshire & Humber. It is hoped that the findings of this survey will increase understanding of how accurately current business support provision through the Business Link channel is meeting the needs of small firms, and what should to change to help drive the economy forward.



Maria-Barbara Noack
FSB Yorkshire & Humber Policy Chairman

Methodology

The data for this survey was gathered using an on-line questionnaire, the link to which was e-mailed to all of the FSB's members that e-mail addresses were held for in Yorkshire and Humber Region. The number of e-mails sent totalled 6,981 and the survey was open for members to complete between 30 October 2009 and 20 November 2009. A total of 416 responses were received giving a 6% response rate.

Whilst a few questions required multiple choice tick box answers, the decision was taken to allow a substantial number of free text answers to give participants greater freedom to express their views and experiences. When analysing the results we have in some cases categorised the free text answers.

Executive Summary

The survey results came from a good spread of small businesses in terms of sector, size, and age.

The key findings are as follows:

- In excess of 40% of those members surveyed indicated that they had used the service of Business Link in the past 12 months with nearly two thirds having accessed services more than once.
- FSB members were in the main using the services of Business Link for advisor support, information, events and workshops. Face to face contact was the most popular method of accessing services. Whilst significantly more members were satisfied (57.9%) with the service they received, almost a quarter expressed their dissatisfaction.
- Of those members that had used the services, nearly half (45.8%) reported that there had been no impact on their business as a result of the support received from Business Link.
- When asked what areas their businesses needed help with, members listed general marketing, access to finance/grants and training together with the cost of training as top priorities. Focusing on the areas they thought Business Link should concentrate on, it is not surprising that access to finance came out top, followed by financial management/forecasting and general marketing.
- A significant number of respondents also felt that Business Link should focus on improving the quality of the service they provide in a number of specific areas such as improving the relevance of the advice they give to individual businesses; ensuring that phone calls were returned and not ignored; ensuring that promised follow-up actions by business advisers did actually happen, and a range of other points all of which are detailed in the report and the free text answers given to a number of different questions.
- The Business Link health check tool had been used by 16.5% of those members surveyed, with just under half (45.2%) finding it helpful.
- Of those that said they would not use the services of Business Link, when asked why, nearly a quarter (24.1%) said they were unhappy with previous service received. A further 8.2% considered the organisation a waste of time and money with a similar figure were using alternative methods.
- Despite the negative response regarding the Business Link services, a positive response was received when members were asked if they were interested in Business Link contacting them to discuss support. 43.1% of those responding wish to make contact, 12.8% are already in contact with an adviser. A small number of respondents were considering making contact themselves.
- Over 40% of members that had not used any type of business support felt that they didn't require it. A further 14% stated it was not relevant to their business

The survey has revealed a wide range of views and experiences of the overall use of Business Link within the region. From the findings we have developed a series of key recommendations within the three categories of 'managing customer expectations and perceptions', 'improving relevance and accuracy of products, services and information', and 'improving customer relationship management and quality assurance'. Our recommendations are detailed within this report.

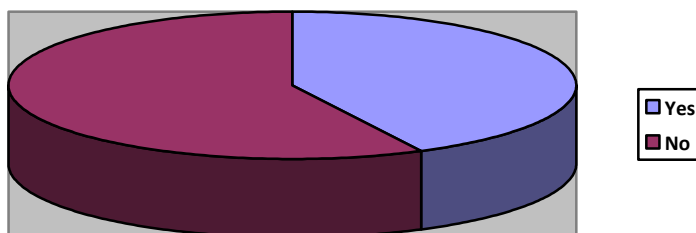
Survey Results

In the past 12 months have you used Business Link for business support services?

In this survey, 42.4% of small business owners indicated that they had used the services of Business Link in the previous 12 months.

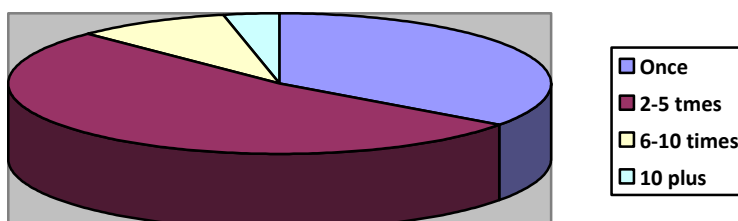
Those in their first 3 years of trading had made greater use of the services (63.8%) which gradually declined for more mature businesses.

Of those businesses over 10 years old, 32.4% had used Business Link within the past 12 months.



If you have answered yes to the above question: How many times have you used Business Link services (in the past 12 months or overall)?

Of those that had used Business Link, 35.1% had just used it once, 52.3% had used it between 2 and 5 times, 9.2% had used between 6 and 10 times, and 3.4% had used it more than 10 times.

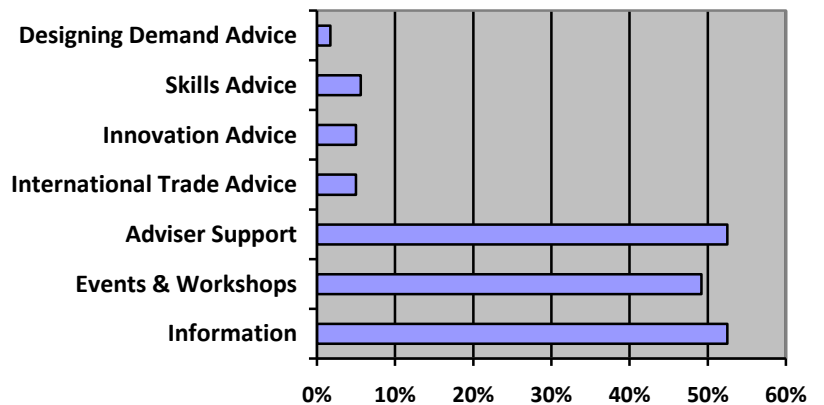


What Business Link service did you use? (tick as many as apply)

This question was only asked of those respondents that had used the services of Business Link, and multiple responses were allowed.

The most commonly sought types of support were:

Adviser support – 52.5%
 Information – 52.5%
 Events and Workshops – 49.2%

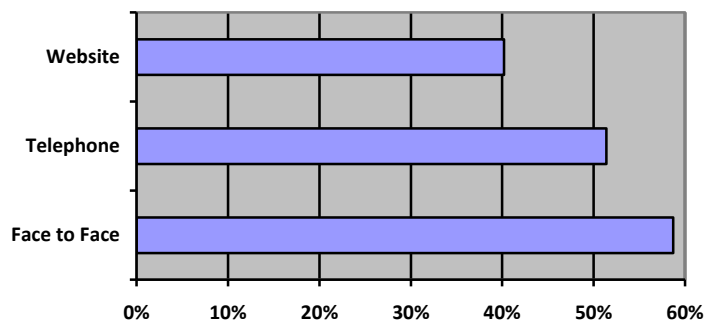


The younger businesses under 3 years old were more likely to have accessed adviser support (62.2%) than older businesses (40.4% of those over 10 years old). Specialist services such as international trade, innovation advice, skills, and designing advice were more important to mature businesses than young firms. Information provision seemed important and had been sought by all ages of business.

How did you access the services? (tick as many as apply)

Again, this question was asked only of those that had used Business Link and multiple responses were allowed.

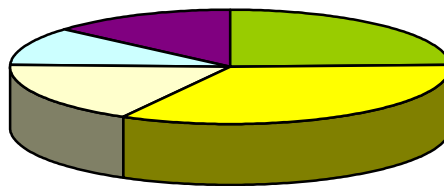
Face to face meetings were the most popular method of accessing services with 58.7% having had meetings. This was followed by the telephone, which had been used by 51.4%. The Business Link website was also popular however having been used by 40.2% of respondents.



What was your experience of using Business Link?

Only those that had used the services of Business Link were asked this question.

Whilst significantly more were satisfied with the service (24.4% very satisfied, and 33.5% satisfied), it must be noted that almost a quarter expressed dissatisfaction (10.8% dissatisfied, and a further 13.6% very dissatisfied and would not use the service again.)

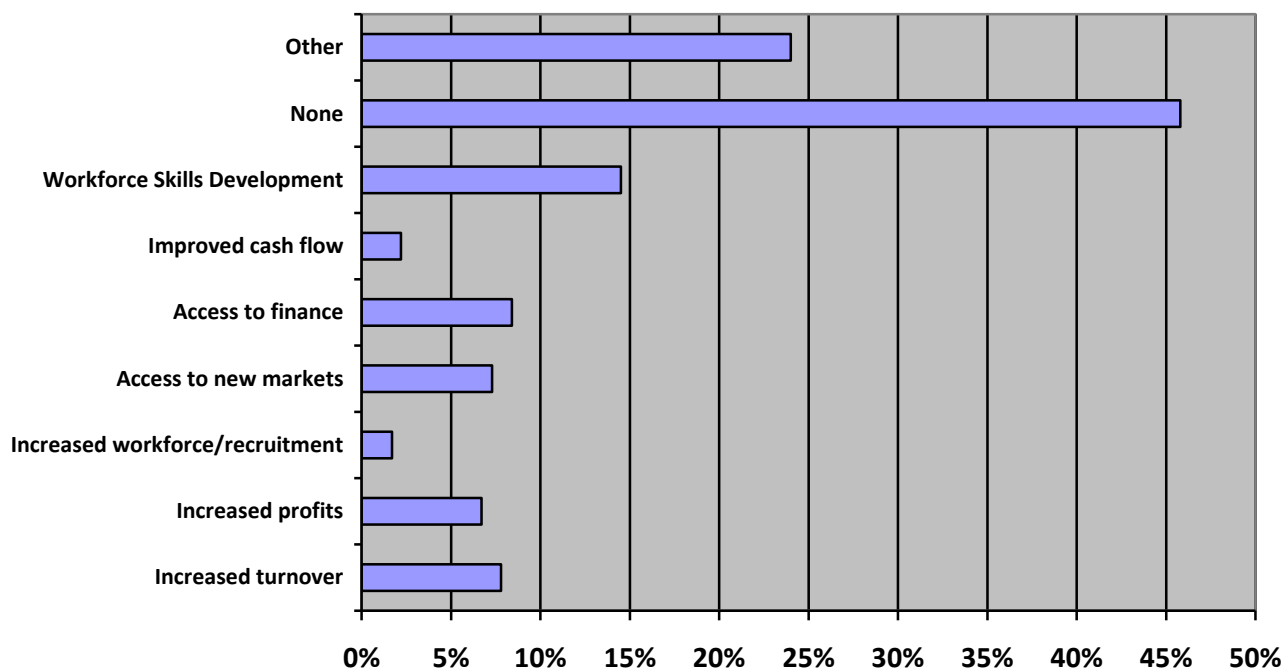


Please see later in the report for the reasons given for levels of dissatisfaction.

It was the youngest businesses in their first 3 years of trading that seemed to be the most dissatisfied with the service they had received (16.2% dissatisfied and 14.9% very dissatisfied).

What impact has using Business Link had on a your business (tick as many as apply)

This question was only asked of those that had used the Business Link services, and has revealed interesting results.



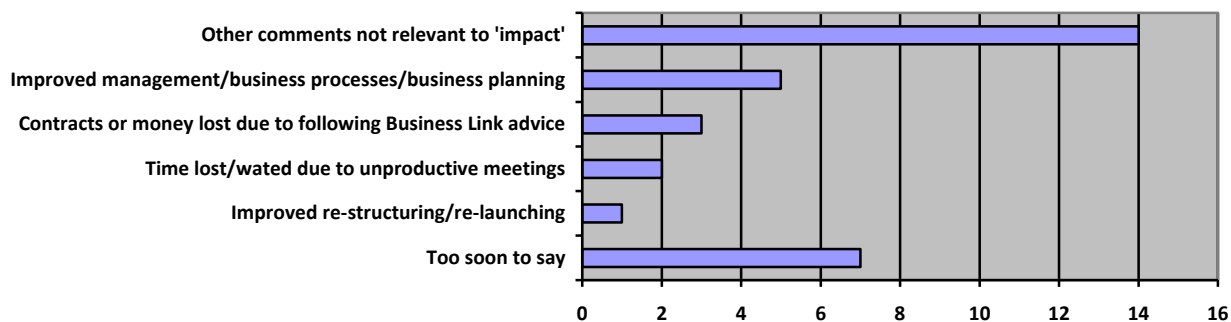
Considering that just 24.4% of businesses expressed dissatisfaction with the service, it is surprising that 45.8% reported there had been no impact on their business as a result of the support they had received from Business Link.

Only a minority (between 6% and 8%) reported that the support they had received had resulted in increased profits or turnover.

It was the businesses in the 4 – 10 year age range that reported significantly the greatest impact on increasing turnover and profitability as a result of their use of the Business Link service as follows:

	Age Range 0 – 3 years	Age Range 4 – 10 years	Age over 10 years
Impact of Increased turnover	5.4%	18.6%	3.5%
Impact of Increased Profits	2.7%	14.0%	7.0%

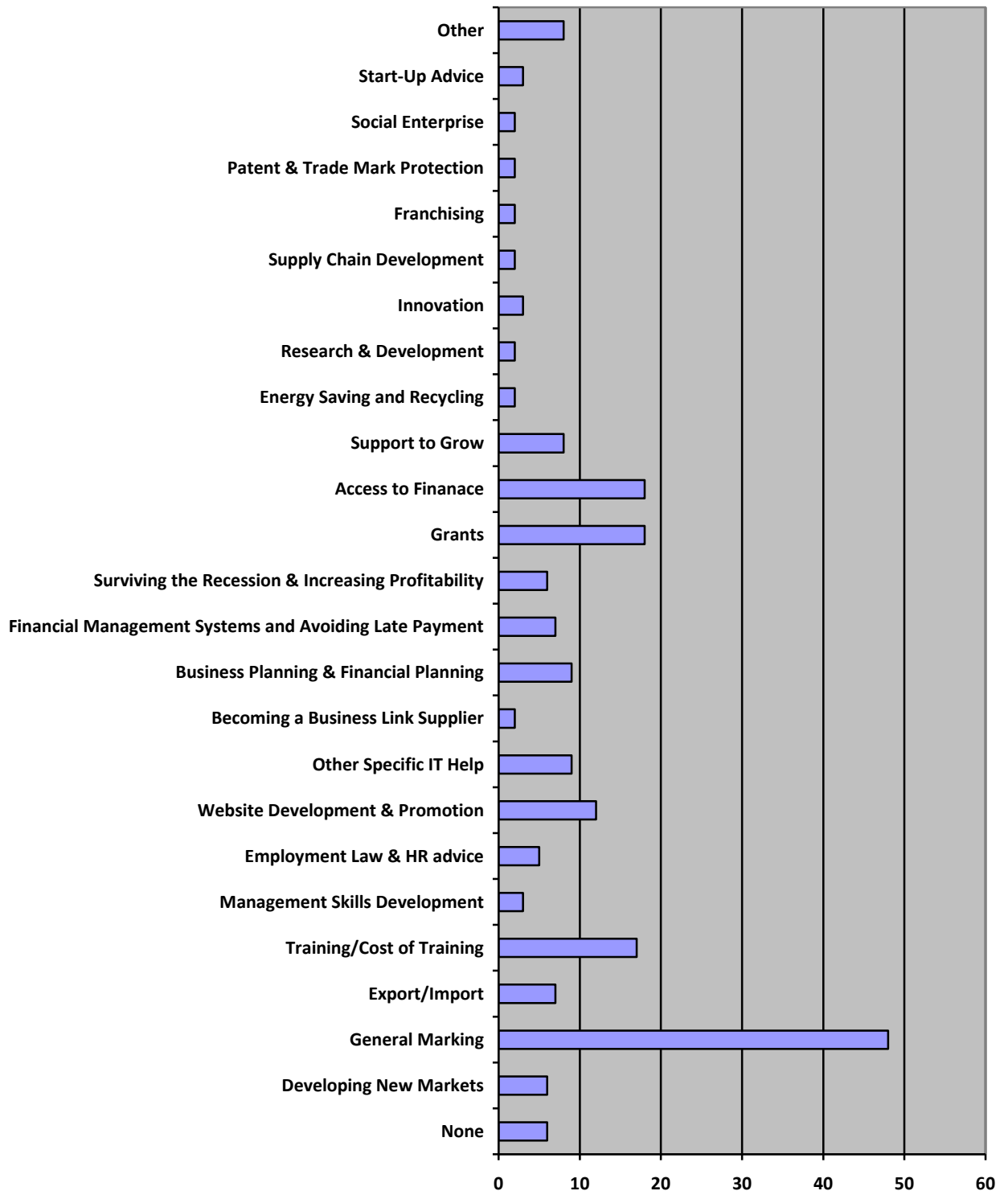
Almost a quarter (24%) ticked the 'other' box, and we asked them to specify what the impact had been. We have summarised their comments below.



Of the free text comments received: 10 were positive, 9 were negative, and 24 were neutral.

What areas does your business need help with?

This was asked as an open question with a free text box for answers. Only 140 out of the 416 respondents to the survey chose to answer this question. We have categorised their answers, allowing multiple responses in the chart below.



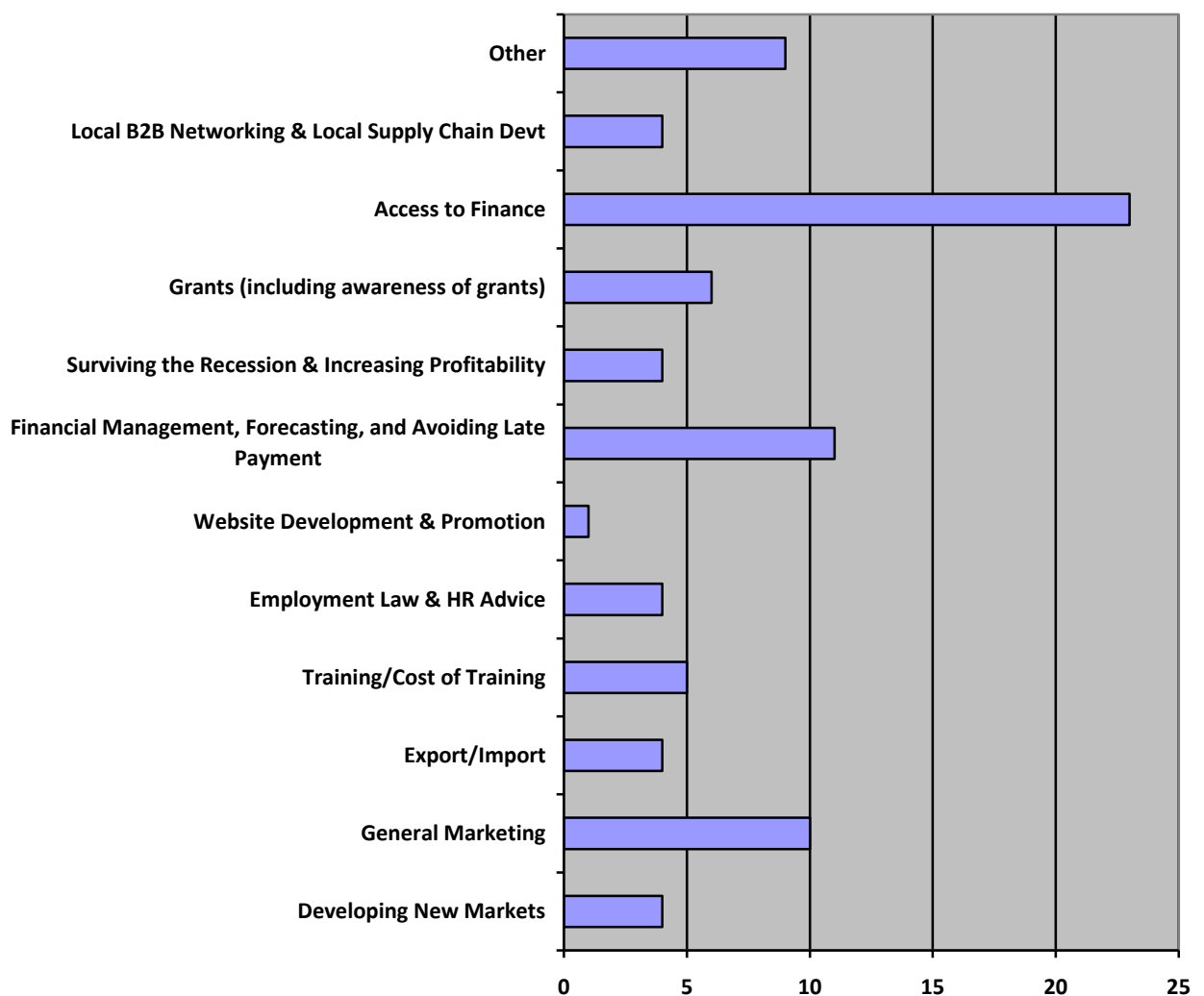
In the current economic climate are there specific areas that Business Link should focus on?

This was asked as an open question with a free text box for answers. Only 109 out of the 416 respondents to the survey chose to answer this question.

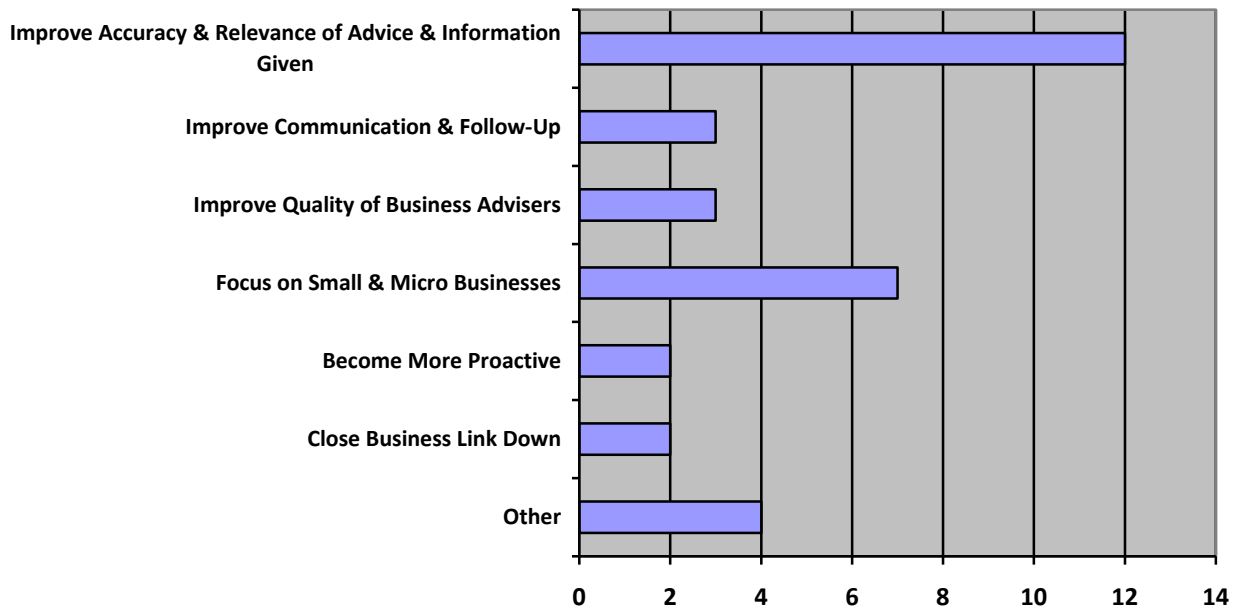
We have categorised the answers given by respondents, allowing multiple responses, in the charts below and on the next page. The first chart summarises answers relating to types of support that Business Link should focus on. The second chart on the next page summarises answers relating to Business Link's own internal management, service delivery, policies, and processes.

It is interesting that answers differ somewhat to those given in the last question, although there are some commonly recurring themes.

Types of Support that Business Link should focus on



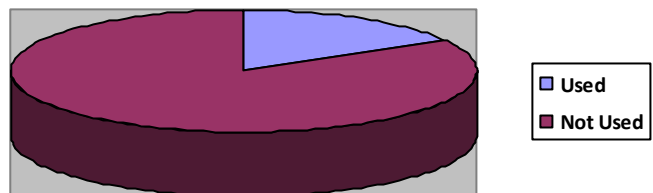
Other issues that Business Link should focus on



Have you used Business Link's Health Check Tool?

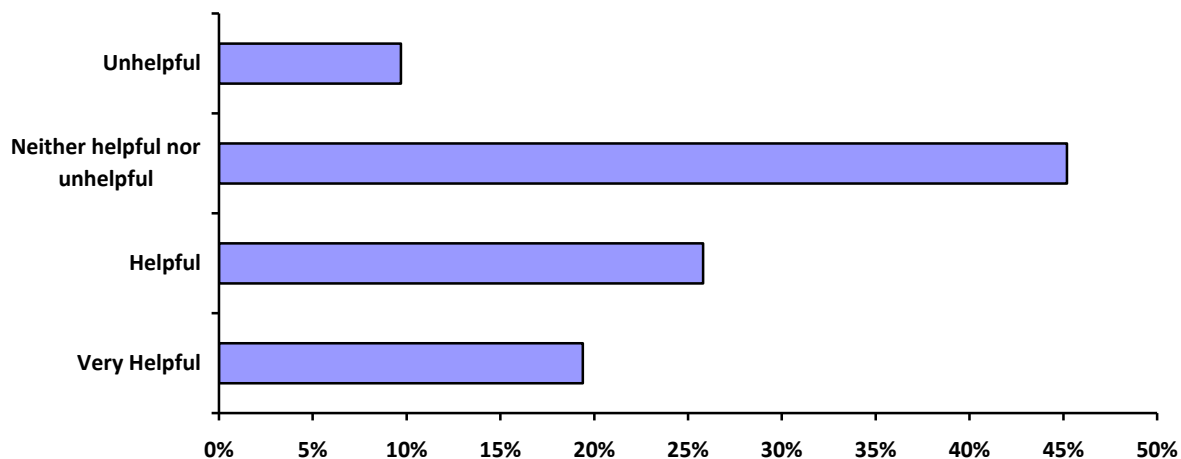
Introduced in response to the recession, an on-line health check tool was introduced during 2009 to assist small businesses. This was accessed by a large number of businesses in Yorkshire & The Humber Region. In addition a limited number of in-depth financial health checks were offered, which were delivered in association with local accountancy firms, the take up of which was substantially lower.

Of those that responded to the question 16.5% had used the Health Check Tool.



How did they find the Health Check Tool?

Of those that had used the health check tool, 45.2% had found it helpful or very helpful. A further 45.2% found it neither helpful nor unhelpful, and a minority of 9.7% had found it to be unhelpful.

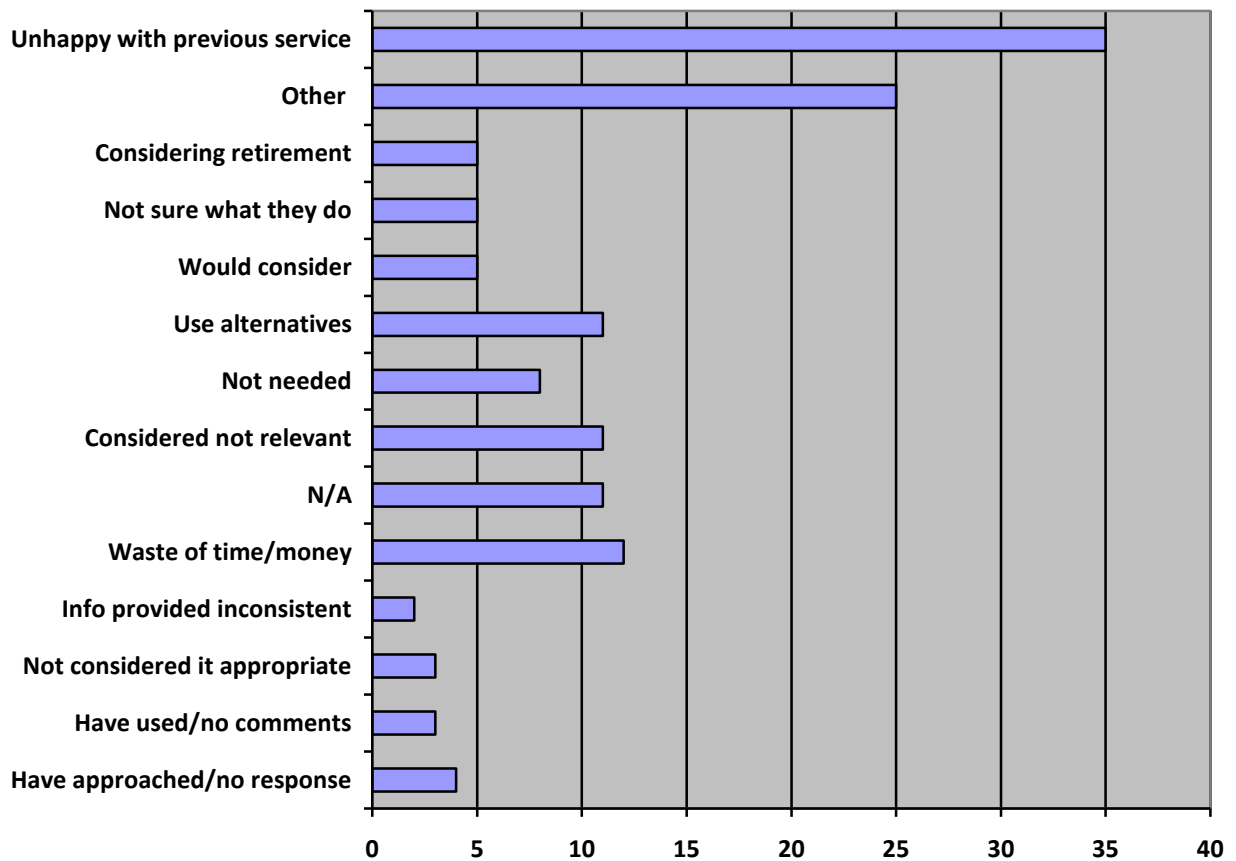


If you would not consider approaching Business Link for support and advice, please state why?

This was asked as an open question with a free text box for answers. 145 out of the 416 respondents to the survey chose to answer. We have categorised their answers, allowing multiple responses in the chart on the next page.

Nearly a quarter (24.1%) of respondents to this question were unhappy with earlier experience of the Business Link service with a further 8.2% considered the organisation a waste of time and money.

7.6% of respondents were using alternative methods of support including friends, in house and web based support. A similar figure found the services of Business Link not relevant to their business. 3.4% of respondents had not heard of Business Link or were unsure of their services. A similar figure was considering using the services of Business Link in the future.



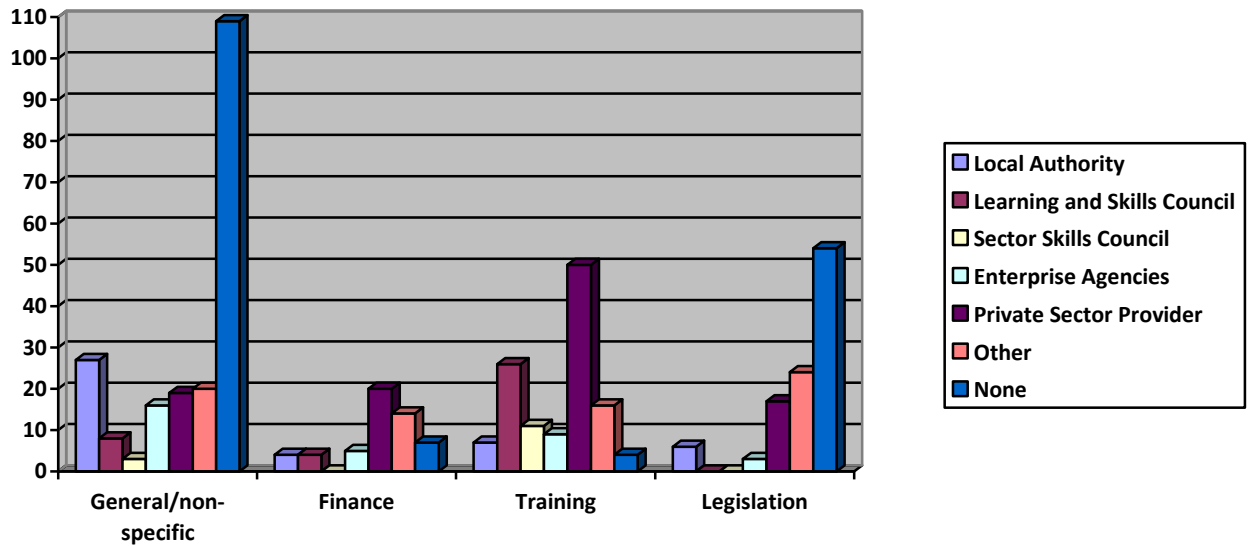
Would you be interested in Business Link contacting you to discuss how they can help your business? If yes, please provide contact details.

Despite the negative comments regarding Business Link in the previous question, a positive response was received to this question. Of the 211 responses 43.1% wish Business Link to make contact with them and a further 12.8% are in contact with an advisor.

In the past 12 months have you used any of the following for business support and for what purpose?

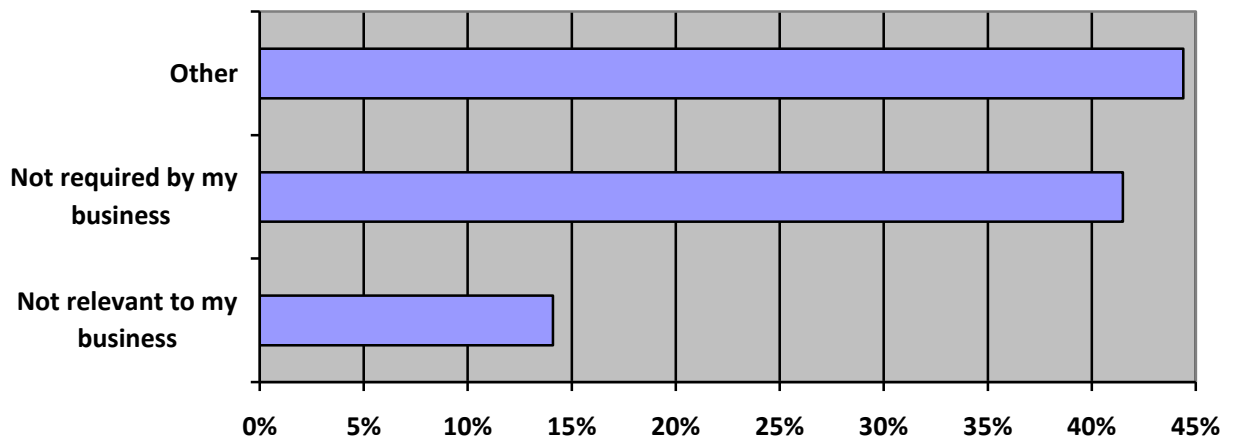
With less than 25% of those surveyed answering this question it highlights how few respondents use business support. Of those responding 25.4% are using provide sector providers and 41.8% have used no business support.

Where used, the main purpose of the support was training.



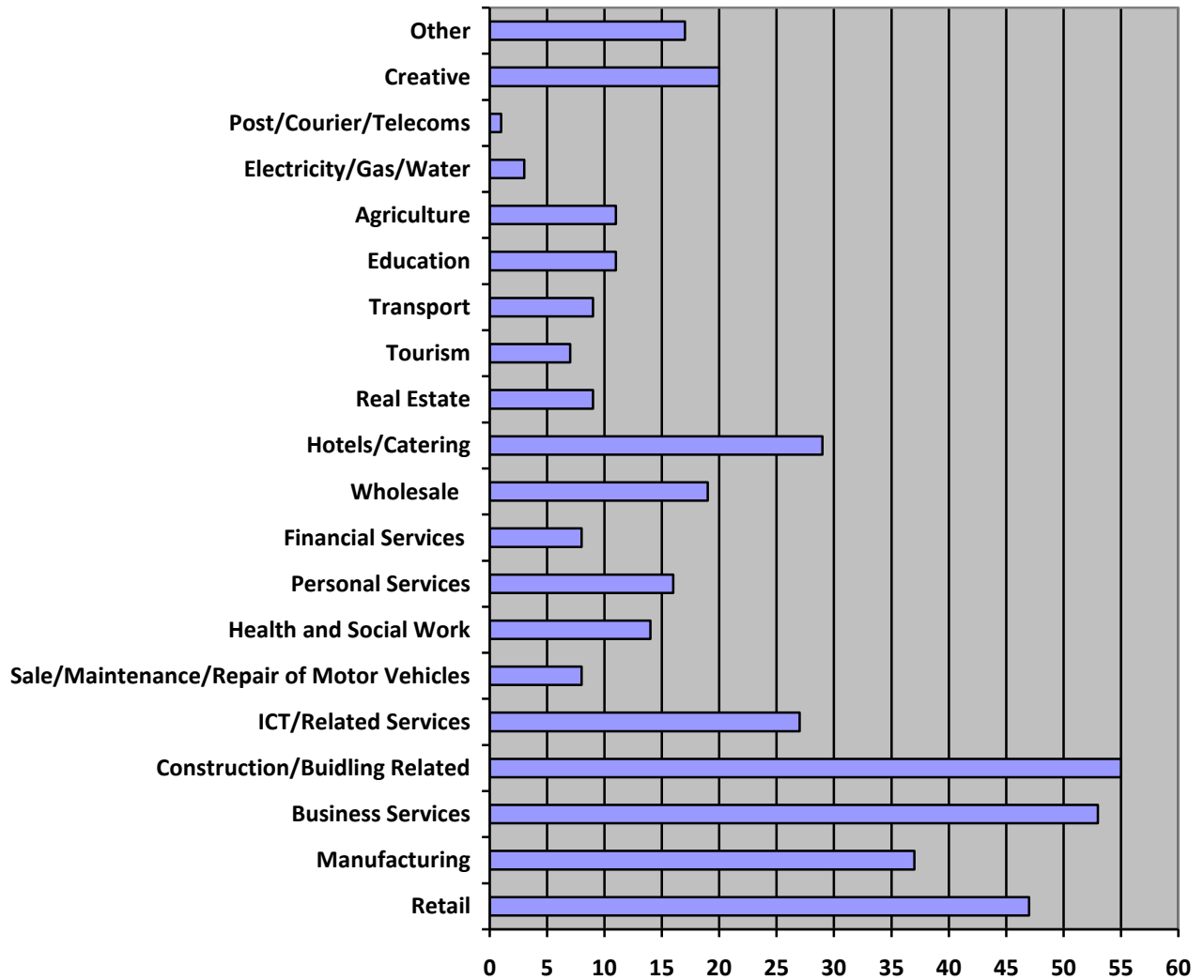
If you have not used any business support services what is the reason for this?

The survey established that 41.5% of those that hadn't used any type of business support felt that they simply didn't require it. A surprising number ticked the 'other reasons' box. Maybe establishing what those other reasons are could be an interesting further research project for either Business Link or the FSB at some point in the future.



In what industry sector is your main business?

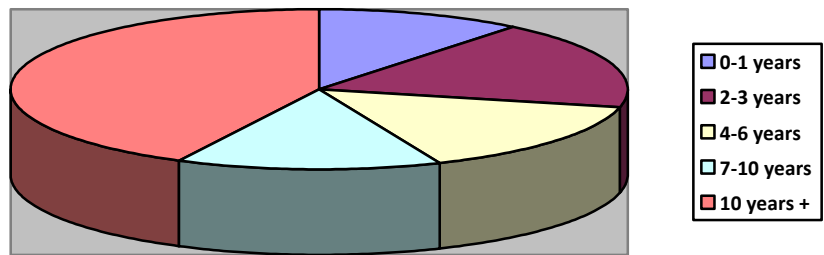
The response to this question is similar to previous member surveys with construction (11.9%), retailing, (10.95%), manufacturing (8.9%) and business services (7.7%) forming the bulk of member participation.



How old is your business?

This question illustrates that survey findings represent the views and experiences of both young and mature businesses.

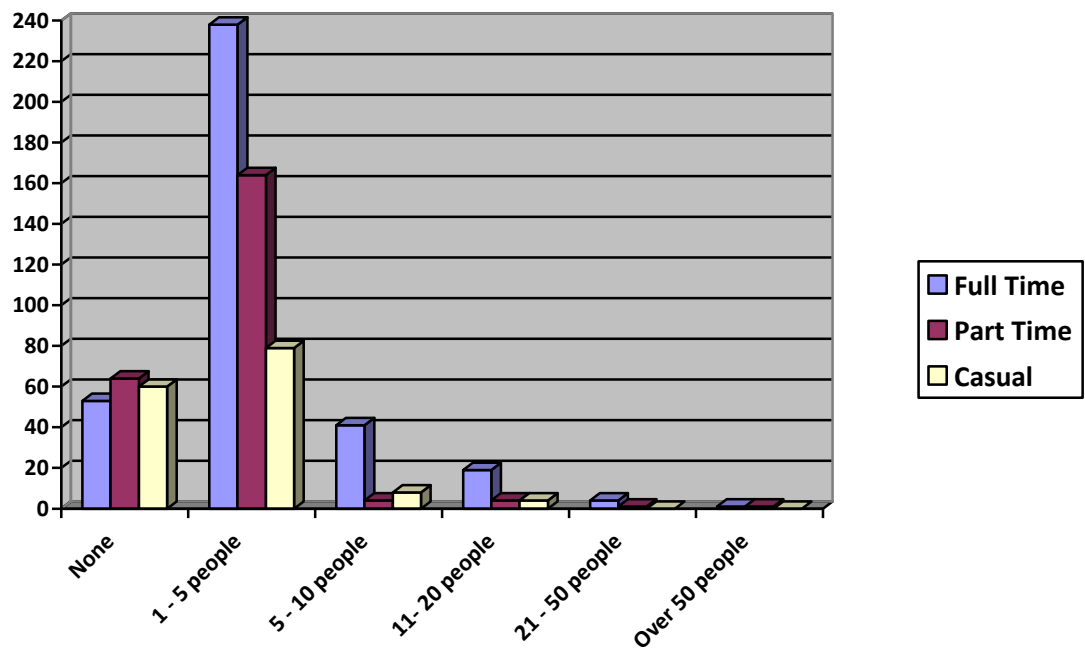
28.7% of respondents were in their first 3 years of trading, and 42.6% had been in existence for over 10 years.



How many people do you employ full time, part time, and casual?

According to BIS (The Government Department for Business, Innovation and Skills) statistics for Yorkshire & Humber, 99% of businesses within the region are small businesses with less than 50 employees, and within that figure 95% are micro businesses with less than 10 employees.

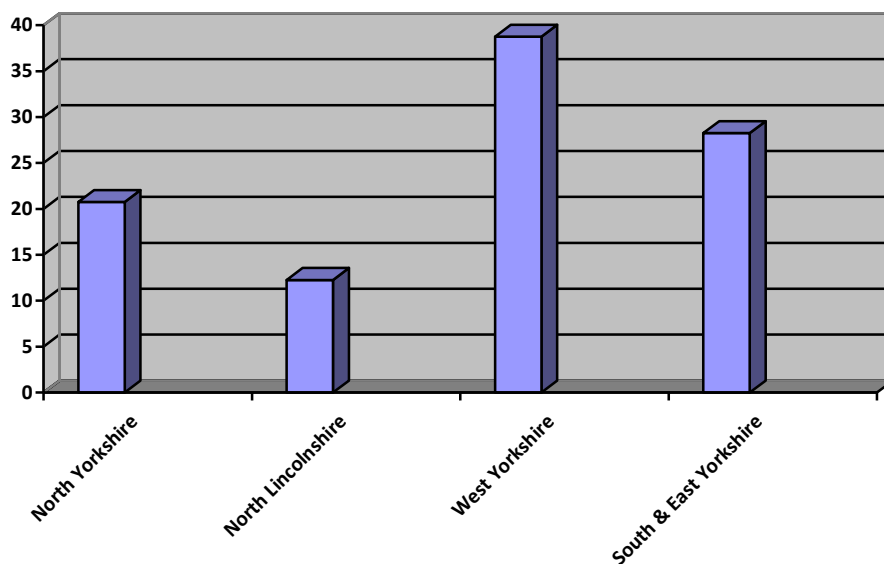
The responses received to this question therefore indicate that the sample was representative of businesses across the region in terms of size with 93.4% of respondents having 10 or less full time employees.



Please give the first half of your business postcode (e.g. YO10)

There were a total of 400 eligible responses to this question. The breakdown for the FSB sub-regions in Yorkshire and Humber was as follows:

North Yorkshire:	83
North Lincolnshire:	49
West Yorkshire:	155
South and East Yorkshire:	113



The responses correlate with the make-up of the FSB's membership across the Yorkshire and Humber region.

Conclusions

Many changes have taken place in recent years in the management, structure, and delivery of government funded businesses support services within the region. Some of the most sweeping changes include the move to a regional information, diagnostic and brokerage (IDB) model, and the Government's Business Support Simplification Programme.

This survey has revealed a wide range of views and experiences of the use of Business Link by small firms within Yorkshire and The Humber. Whilst many appear to have found the service beneficial, there are a significant number that report high levels of dissatisfaction, and report that the use of Business Link services has had no impact on their business.

Within the IDB model, there are several stages at which there is the potential for customer expectations or Business Link's own objectives not to be adequately met, and this survey has not examined each stage individually. It must also be recognised that not all users of Business Link services go through the IDB process, some preferring to simply access specific events or restrict their use to web-based services. Our recommendations are based on the general findings that the survey has revealed, taking an overview of the entire business support service. They fall into three main categories as detailed below.

Key Recommendations

Managing customer expectations and perceptions

- In view of the high (24.4%) dissatisfaction rate in the services received, Business Link should study in detail the reasons given for dissatisfaction and the reasons given for not using Business Link, then develop and implement measures to better manage customer expectations.
- There appears to be a certain amount of misunderstanding regarding what Business Link can and cannot provide. From answers given, it appears for example that some respondents had the perception that Business Link was primarily a funding or grant giving organisation. We therefore recommend greater clarity in the marketing of their products and services to small businesses.
- Many respondents view of Business Link has been influenced by previous bad experiences. We therefore recommend again, that marketing should highlight the changes and improvements that have been made to the service in recent years.

Improving relevance and accuracy of products, services, and information

- In line with demand identified in this survey, Business Link should in the immediate future focus their main services on supporting small and micro businesses to survive, and to grow out of the recession, with a particular emphasis on marketing, access to finance, training, and financial management/forecasting. However, Business Link also needs to remain responsive to changing economic conditions and retain the ability to quickly flex and adapt their products and services to meet current and future demands.
- To ensure that future services are tailored more specifically to the needs of small firms, particularly with a focus on improving business performance, profitability and turnover, we recommend that the role of the current Business Advisory Panel be reviewed. There is the

need to ensure that views and requirements of small businesses obtained through that panel are used effectively to drive forward further improvement in services and products.

- Further investment in effective training, development and recruitment of staff engaged in the provision of information, and in the diagnostic element of the Business Link service. This should include a particular emphasis on ensuring that they fully understand and preferably have direct experience of what is needed to own and manage a successful small or micro business.

Improving Customer Relationship Management and Quality Assurance

- A significant number of comments by respondents to the survey related to phone calls not being returned and promised follow-up actions not being completed by business advisers. We recognise that a new CRM system has recently been introduced by Business Link to facilitate improvement, and recommend that the feedback obtained through this survey be studied and used to further develop the system, with a view to aiming for consistently high levels of customer satisfaction.
- Qualitative feedback should be sought on an ongoing basis from small business customers at each stage of the IDB process to identify any problem areas and to drive forward continuous improvement.